

Message Text

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ACTION EB-11

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TAGS : EMIN ENRG ETRD YO

SUBJECT : MAJOR TRADE OPPORTUNITY: VELENJE COAL MINE EXPANSION
AND MODERNIZATION

REF : A. ZAGREB 282; B. ZAGREB 636

SUMMARY: TO BE ABLE SERVICE PROJECTED FUEL NEEDS SOSTANJ THERMAL
POWER PLANT EXPANSION ("SOSTANJ IV"--SEE REF A), NEIGHBORING
VELENJE COAL MINE MUST INCREASE LIGNITE PRODUCTION BY ONE MILLION
TONS ANNUALLY FROM PRESENT LEVEL OF 3.5-3.8 MILLION TONS. IN VIEW
KEY ROLE SOSTANJ IN SLOVENIAN ENERGY PICTURE, SENIOR ELECTRIC-
POWER OFFICIAL CONCERNED EXPANSION SOON TAKE PLACE. MINE OFFICIALS
STATE IT IN MARKET FOR 10 NEW HYDRAULIC WORKING-FACE SYSTEMS.
THOUGH RECENTLY-INSTALLED NEW SOVIET SYSTEM WORKING "SATISFACTORILY,"
FIRM VERY INTERESTED IN US BIDDER ABLE OFFER RELIABLE, HIGHLY
AUTOMATED EQUIPMENT; WARNS, HOWEVER, THAT SEVERAL OTHER FOREIGN
BIDDERS HAVE NOT FOUND TECHNICAL SOLUTION COPE WITH PRESSURES
ATTRIBUTED TO 300-METER THICK CLAY LAYER OVERLYING COAL DEPOSITS.
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THUS ANY DELIVERY CONTRACT MUST CONTAIN NO-COST TRIAL PERFORMANCE

CLAUSE AT SELLER'S RISK. SINCE PERFORMANCE COAL MINE CLEARLY AFFECT FORTUNES NEIGHBORING POWER PLANT, PLANS REPORTEDLY AFOOT TO INTEGRATE THEM UNDER JOINT MANAGEMENT. REGARDING STATUS PROJECT "SOSTANJ IV," WE UNDERSTAND WESTINGHOUSE BID CURRENTLY ENJOYS "VERY GOOD" PROSPECTS. END SUMMARY
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1. BEGIN UNCLASSIFIED: VELENJE COAL MINE, IN THREE-SHIFT OPERATION USING 24 SUB-SURFACE HORIZONTAL "WORKING FACES," WHICH IN VARYING STAGES SEMI-AUTOMATION, CURRENTLY EXTRACTS UP TO 13-14,000 TONS LIGNITE DAILY FOR ANNUAL PRODUCTION 3.5-3.8 MILLION TONS. IN PAST, THIS SATISFIED NEEDS NEIGHBORING SOSTANJ THERMAL POWER COMPLEX (COAL TRANSPORTED MINE TO FURNACE BY CONVEYOR) WITH SWOME SURPLUS AVAILABLE FOR EXPORT TO NEIGHBORING AUSTRIA. HOWEVER, SINCE "SOSTANJ IV" PROJECT WILL UP POWER PLANT'S NEEDS TO 4.5 MILLION TONS ANNUALLY BY 1977 (REF A) AND THIS POWER CRUCIAL TO SLOVENIA ENERGY DEVELOPMENT (REF B), COAL MINE FACES PRIORITY TASK OF EXPANDING DAILY PRODUCTION BY NEARLY 3000 TONS (TO 16-17,000 TONS) SIMPLY TO COPE WITH IMMEDIATE DOMESTIC DEMANDS LET ALONE POTENTIAL HARD-CURRENCY EXPORT MARKETS. WHILE ONE NEW WORKING-FACE SYSTEM HAS RECENTLY BEEN ACQUIRED FROM SOVIETS AND TWO MORE REPORTEDLY ON ORDER FROM THEM, MINE-- ACCORDING TO ASSISTANT GENERAL DIRECTOR ANTON MOCILNIK--IN MARKET FOR 10 MORE (GIVEN ADEQUATE FINANCING). AT LEAST 50 PER CENT OF CURRENT PRODUCTION FACILITIES SHOULD BE MODERNIZED BY 1980. SINCE PROSPECTS EXPANDING LABOR FORCE VERY SLIM, NEW INVESTMENTS SHOULD ENABLE AT LEAST 1:1 CORRELATION INCREASES PRODUCTIVITY/PRODUCTION. NEWLY ACQUIRED SOVIET SYSTEM REPORTEDLY PRODUCING 1500 TONS DAILY WITH OUTPUT 50 TONS PER SHIFT WORKER (10 X 3 X 50).

2. MOCILNIK WARNS THAT PRESENCE 300-METER THICK CLAY LAYER OVERLYING LIGNITE DEPOSITS CREATES PRESSURE PROBLEM IN TUNNELING WHICH RESULTED IN FAILURE AT LEAST TWO SYSTEMS (AUSTRIAN AND FRENCH) WHICH IMPORTED ON TRIAL BASIS. THUS MINE INSISTS ON NO-COST TRIAL PERFORMANCE CLAUSE AT SELLER'S RISK. IN VIEW RELATIVE LACK LIGNITE MINING IN US, VELENJE HAS NEVER SOLICITED US BIDS. WOULD, HOWEVER, BE EXTREMELY INTERESTED IN HEARING "AS SOON AS POSSIBLE" FROM ANY QUALIFIED US FIRMS WHICH COMMERCE MIGHT IDENTIFY. TELEX NUMBER OF "RUDNIK LIGNITA VELENJE" IS 33-523 URLV.
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END UNCLASSIFIED

3. BEGIN LIMITED OFFICIAL USE: OUR ATTENTION TO MINE'S EXPANSION PROBLEM WAS INVITED BY SENIOR OFFICIALS OF SLOVENIAN POWER ASSOCIATION DURING RECENT DISCUSSION IN MARIBOR. REPORTEDLY FULFILLMENT OF DELIVERY CONTRACT TO AUSTRIANS RECENTLY CAUSED TIGHT SHORT-TERM SUPPLY SITUATION FOR SOSTANJ. THIS CONNECTION, TECHNICAL DIRECTOR SOSTANJ POWER ENTERPRISE INFORMED US THAT

PLANS AFOOT AT "POLITICAL LEVEL" TO COMBINE MINE AND POWER
PLANT INTO "INTEGRATED ENTERPRISE." SUCH PLANNING CLEARLY
DESIGNED ENSURE PRIORITY ADEQUATE LIGNITE SUPPLIES LOCALLY,
SINCE--EVEN WHEN KRSKO COMES ON LINE--SOSTANJ COMPLEX PROMISES
TO REMAIN A KEY TO SLOVENE POWER-SUPPLY PICTURE. CHANCES
WESTINGHOUSE, WHICH ONLY COMPANY OFFERING COMPLETE PACKAGE,
REPORTEDLY "VERY GOOD" TO WIN BID FOR "SOSTANJ IV." FAILURES
BABCOCK BOILER (WHICH GERMANS APPARENTLY BLAME WITH SOME JUSTIFI-
CATION ON LOW AND UNEVEN QUALITY VELENJE LIGNITE) REPORTEDLY
PRINCIPLE FACTOR IN RECENT OUTAGES ON SOSTANJ III WHICH CENTRAL
ELEMENT IN RECENT SLOVENIAN POWER CRISIS (REF B).
WILSON

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